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Alexander Hamilton.  
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**Hamilton, Alexander** (11 Jan. 1757?-12 July 1804), statesman and first secretary of the treasury, was born in Nevis, British West Indies, the second of two illegitimate sons of James Hamilton and Rachel Faucett Lavien. (The year of birth is often given as 1755, but the evidence more strongly supports 1757.) The father deserted the family when Hamilton was eight; the mother died three years later. Hamilton was apprenticed to a firm of international merchants and proved to be so gifted in commerce that he was soon left in full charge of the business. At fifteen he was "discovered" by a Presbyterian minister, who arranged financial support to send him to the College of New Jersey at Princeton. After a year at a preparatory school he passed the stiff entrance exams at Princeton, but when the president refused to allow him to advance at his own pace rather than with the regular classes, he went to King's College (now Columbia) in New York instead.

That was a fateful decision, for it placed Hamilton in a center of radical patriot activity just as the long struggle between the American colonies and the mother country was coming to a climax. Hamilton did not neglect his studies, but he was increasingly drawn into the public arena. He spoke at rallies and during the winter of 1774-1775 published two major political tracts that, though not up to his mature standards, elicited considerable praise. He also prepared himself to fight; by the following winter he had learned the rudiments of soldiery, studied artillery, organized an artillery company, and been commissioned a captain in the Continental army. Driven by a hunger for glory, throughout 1776 he repeatedly saw action in the field: if he had a flaw it was that of being excessively bold.

His prowess as a warrior was overshadowed by his skills as an organizer and administrator, and he received offers from several generals to serve as aide-de-camp, which he turned down until an invitation came from George Washington. He became almost indispensable to Washington and served with him (as a lieutenant colonel) until February 1781. Then he sought a field command, which he obtained in July. In October he was ordered to storm one of two crucial redoubts in the battle of Yorktown, and he and his men carried out the assignment heroically.

During his military service several things happened that influenced his future. One was that he made his first explorations into the subject of public finance. Another was that his nationalism grew more intense even as he was growing disgusted with the indecision, weakness, and corruption of Congress. Related to his attitude toward Congress was his disillusionment with American society, which he saw as plagued by "voluptuous indolence," provincialism, and oligarchy. And in December 1780 he married Elizabeth Schuyler (Elizabeth Schuyler Hamilton), daughter of a wealthy New York aristocrat; the couple eventually had seven children who survived infancy. He married for love, but the political connections would prove invaluable.

Resigning his commission to take up his responsibilities as a husband and father, Hamilton devoted the first ten months of 1782 to training himself to practice law, and he passed the rigorous New York bar examination in October. To accomplish this feat, he wrote a book--a compilation of entries from a large number of legal tracts--and committed it to memory. The book was subsequently published and became a standard manual for New York lawyers.

On 22 July 1782 the New York legislature appointed Hamilton to represent the state in the Continental Congress. There he became involved with Robert Morris, Gouverneur Morris, James Wilson, and others in a scheme to combine the lobbying power of public creditors with "the terror of a mutinying army" to induce Congress to pass and the states to ratify amendments to the Articles of Confederation vesting Congress with independent sources of revenue. The army, encamped at Newburgh, New York, was discontented over arrears of pay, and the situation got out of hand. Only a dramatic confrontation between Washington and the officers prevented a mutiny. That killed the scheme: Hamilton's maiden effort to harness private self-interest to further the public interest came a cropper.

As a practicing lawyer, Hamilton quickly rose to the top rank among the lawyers in New York City. His most important early case, *Rutgers v. Waddington* (1784), is often but inaccurately cited as a precedent for the doctrine of judicial review. Hamilton did argue that the statute applicable to the case violated the state constitution and was therefore void, but the judge expressly disavowed any power to overturn a statute ("for that were to set the *judicial* above the legislative"), though his ruling favored Hamilton's client on other grounds.

Lucrative and busy as his law practice was, Hamilton had his eye on a public career and was preparing himself for one. His boyhood craving for military glory had been slaked at Yorktown; after the war his "ruling passion" became hunger for fame--immortality in the form of the grateful remembrance of posterity, earned by noble services to one's country. By 1786 he knew the capacity in which he wanted to win his fame, namely as minister of the nation's finances. He derived the idea from Jacques Necker, the erstwhile French finance minister, whose memoirs Hamilton read early in 1786. His thinking on the subject was also powerfully influenced by Sir James Steuart, Adam Smith, and David Hume.

He began a two-front campaign toward his goal. One was in state politics. All the state legislatures except New York's had ratified an amendment to the Articles of Confederation granting Congress power to collect import duties; in April 1786 Hamilton ran for and won a seat in the state legislature, hoping to persuade it to ratify. It did not meet until the following January, at which time he argued brilliantly but futilely for the measure. In the meantime, he had acted on another front. Through the influence of friends he was appointed as one of New York's delegates to an interstate commercial convention that met in Annapolis in September 1786. There he joined forces with James Madison and John Dickinson and pushed through a resolution calling for a general convention to meet in Philadelphia the following May "to render the constitution of the Federal Government adequate to the exigencies of the Union."

When that call was issued it seemed unlikely to evoke a positive response, and at first it did not. Congress in effect tabled the proposal, and only five states voted to send delegates. But then, early in 1787, two dramatic events took place: Shays's Rebellion exploded in Massachusetts (see Daniel Shays), and New York definitively rejected the revenue amendment. In desperation, Congress endorsed the convention call, and seven more states voted to send delegates. Somewhat incongruously, since the legislature was dominated by Governor George Clinton's antinationalist friends, New York was one of them; even more incongruously, Hamilton was chosen as one of the state's three delegates.

Hamilton attended the convention intermittently and was of minor influence in it. His one major speech, which consumed the whole day on 18 June was a profound analysis of the nature of man, society, and government, but except for raising the general philosophical level of the proceedings, it accomplished little. A delegate from Connecticut observed that Hamilton had "been praised by every body" but "supported by none." Hamilton had, at the end of his speech, proposed a strong central government, consisting of a president and senate chosen by electors for life, a lower house elected by universal manhood suffrage for three-year terms, and an appointive supreme court also

serving for life. He did not, as was later charged, propose a monarchy; he declared that "we ought to go as far [toward monarchy] in order to attain stability and permanency, as republican principles will admit."

In truth, though he would have preferred a more "high toned" (the phrase is his) government than the one crafted by the convention, he cared little for forms and was determined to sign and champion the ratification of whatever the convention produced. His best-known effort in behalf of ratification was his coauthorship of the eighty-five essays signed "Publius," collectively termed *The Federalist* and generally regarded as the greatest commentary on the Constitution and federalism ever written. John Jay wrote five of the essays; James Madison is credited with twenty-four and Hamilton with fifty-six.

Though the contributions of the two principal authors were complementary and formed a well-rounded whole, there were differences between them. Hamilton, the epitome of self-confidence, emphasized the need for "energy," particularly in the executive; Madison, not fully trusting himself, was less prone to entrust power anywhere and emphasized the checks and restraints provided by the Constitution. Madison praised the system as "partly national, partly federal"; Hamilton disliked the federal features and tended to downplay them. His own concept was that each level of government was sovereign as to matters entrusted to it. Madison had no firm conception of judicial review, whereas Hamilton offered a full-fledged defense of it. These differences would rise to the surface three years later.

*The Federalist* was written primarily to influence the election of delegates to New York's ratifying convention, and in that cause it failed. Opponents of the Constitution (Antifederalists) dominated the convention; Jay and Hamilton were among the minority. The convention did, however, ratify the Constitution but not because of the Federalists' rhetorical skills. Some antis crossed over on learning that the requisite number of states had ratified, meaning that the new government would go into effect no matter what New York did. Enough others changed their votes in response to a rumor, spread by Hamilton and Jay, that if the state did not ratify, New York City would secede and apply for admission to the union on its own.

Once New York ratified, Hamilton became eligible to serve in the new government. The call came in the fall of 1789. Months earlier, Washington had asked Hamilton to be his finance minister, but Congress did not create the Treasury Department until September. On 21 September, two days before adjourning until January, the House of Representatives directed Hamilton to prepare a plan for support of the public credit and "to report the same to this House at its next meeting." The phraseology was significant. It meant that the Treasury, unlike the other executive departments, was responsible to the House as well as to the president.

That suited Hamilton entirely, for it facilitated the implementation of grand designs he had for the government and for American society. Establishing public credit was important to him for its own sake, but he saw it also as a means to broader ends. The Constitution did not preclude the development of something approximating the British ministerial system, in which the chancellor of the exchequer was the "prime" minister; Hamilton's having one foot in the House and another in the executive branch might make that development possible. As Madison later observed, Hamilton sought "to administer the Government . . . into what it ought to be," instead of what its authors had intended. This did not mean that Hamilton was lukewarm in regard to freedom. In the Constitutional Convention he had "professed himself to be as zealous an advocate for liberty as any man whatever, and trusted he should be as willing a martyr to it," but he differed from Madison in what he regarded as the most "eligible" means of securing it.

The other part of Hamilton's design was to reshape American society to make it fluid, energetic, and market driven. He believed that Americans "labour less now than any civilized nation in Europe"

and that habits of industry were "essential to the health and vigor" of the nation. Americans had little incentive to work hard, for earning a subsistence was easy whereas improving one's lot was difficult. Wealth and status came not from labor or talent but from the possession of (usually inherited) landed estates. And Hamilton abhorred inherited status. (Indeed he was an active participant in New York's antislavery movement.) To transform the established order, Hamilton proposed to "monetize" society: to erect fiscal machinery that would become so convenient and necessary to the transaction of ordinary economic activity that money would become the measure of all things. Bourgeois values would then be embraced, oligarchies would come tumbling down, and men of merit would rise to the top.

The opening steps in the unfolding of Hamilton's fiscal plans were contained in his First Report on the Public Credit, presented to Congress on 14 January 1790. The public debts, as Hamilton described them, were of three broad descriptions. The foreign debt, owed to the government of France and to bankers in Holland, amounted to about \$11 million and fell due in installments over several years. The domestic debts were in great confusion but came to roughly \$40 million owed by the nation and about \$25 million owed by the several states. Hamilton believed that if France proved willing to defer receipt of scheduled principal payments, he could refinance the entire foreign debt in Holland at reduced interest rates, and that was more or less the way it worked out.

His approach to the domestic debts was more complex. Unlike many members of Congress, who wanted to pay off the debts as rapidly as possible, Hamilton chose to "fund" them. That is, he asked Congress to provide semipermanent appropriations for interest payments on the debts, federal and state. Redemption of the principal would be at the discretion of the government but could be no more than 2 percent of the total annually. To stabilize the new government securities that were issued to retire the old certificates and to maintain them at or near their face value, a "sinking fund" would be created, financed by the profits from the post office.

Congress received the funding and sinking fund proposals favorably, but the proposal to assume responsibility for the state debts faced strong opposition. Several states had retired most of their debts, and their representatives were averse to paying taxes for the benefit of states that had not. Among the states without large debts was Virginia, and Madison--who had become a leader in the House--headed the opposition to assumption. The result was that it was defeated in the House by two votes. At that point a famous political deal was struck. The Virginians were anxious that the permanent national capital be located on the Potomac. Secretary of State Thomas Jefferson and his friend Madison held a dinner party for Hamilton at which it was agreed that Hamilton would find northern votes for the Potomac capital site, and they would find votes for assumption of the state debts. And thus the funding and assumption plan became law on 4 August 1790.

When Congress reconvened in December 1790 Hamilton greeted it with a Second Report on the Public Credit, this one proposing to create a national bank. The Treasury needed a reliable source of short-term credit to compensate for the seasonal flow of revenues from imports, and experience had taught Hamilton that the three existing banks in America were not entirely trustworthy. Moreover, Hamilton wanted to use the bank notes as a form of currency. He therefore asked Congress to grant a twenty-year charter to a private corporation, the Bank of the United States. It would be capitalized at \$10 million, of which one-fifth would be subscribed by the federal government, the government's share to be paid with funds borrowed from the bank itself. The crucial feature was that private purchases of the bank's stock were payable one-fourth in gold or silver and three-fourths in government securities. Because everyone expected the bank to earn tremendous profits, the price of the stock would soar, which would also raise the price of government securities since they were interchangeable. And public credit would be soundly established.

Congressional response was strongly favorable, but a formidable obstacle arose: Madison objected

during the debates in the House that chartering a corporation was beyond the scope of the powers of Congress as itemized in Article 1, Section 8, of the Constitution. The bill was passed anyway, but Madison's objections so disturbed Washington that he asked Jefferson and Attorney General Edmund Randolph for advisory opinions. Both held that the bill was unconstitutional.

Washington then asked Hamilton whether he could justify the creation of the bank constitutionally. Hamilton responded with the classic formulation of the doctrines of implied powers and "loose construction." The basis of his argument was the clause at the end of Article 1, Section 8, empowering Congress "To make all Laws which shall be necessary and proper for carrying into Execution" the enumerated powers. Randolph and Jefferson, Hamilton pointed out, had interpreted the word "necessary" so narrowly that, if their view prevailed, government would be paralyzed; they read the Constitution as if the words "absolutely" or "indispensably" preceded "necessary." Besides, he went on, Jefferson had confused means with ends. The ends to be served by chartering the bank were clearly constitutional; the bank was merely a means of carrying out those legitimate functions. And, "If the end be clearly comprehended within any of the specified powers," he said, and "if the measure have an obvious relation to that end, and is not forbidden by any particular provision of the constitution--it may safely be deemed to come within the compass of the national authority." (Chief Justice John Marshall used Hamilton's reasoning and much of his language in the decision in *McCulloch v. Maryland* [1819].) Washington signed the bill into law on 25 February 1791.

Despite their policy differences, Hamilton and Jefferson were at that point on cordial terms, but a break was less than two months away. One evening in April Vice President John Adams, Jefferson, and Hamilton chanced to dine together. The conversation turned to political philosophy, whereupon Adams declared that if the British constitution were purged of its corruption and if representation in the House of Commons were equalized, "it would be the most perfect constitution ever devised by the wit of man." Jefferson was upset by his old friend's remark, but he was astonished to hear Hamilton's response. "Purge it of its corruption," Hamilton said, paraphrasing an essay by David Hume, "and give to its popular branch equality of representation, and it would become an *impracticable* government: as it stands at present, with all its supposed defects, it is the most perfect government which ever existed." Brooding on Hamilton's comment and reviewing his policies, Jefferson became convinced that Hamilton was scheming to erect an American version of the British system.

Jefferson saw every subsequent Hamiltonian action as an attempt to subvert the Constitution--including Hamilton's abortive Report on Manufactures, presented to Congress the following December. He shared his "discovery" with Washington, who refused to believe it; indeed, remembering what he and his armies had suffered because of a lack of public credit and a weak government, the president regarded Hamilton as something of a miracle worker. Jefferson then turned to Madison, who did believe him, and the two began laying the foundation for an opposition political party, which they styled Republican, in a pointed suggestion that Hamilton was a monarchist. Jefferson induced friends in Congress to begin a succession of harassing investigations of the way Hamilton ran the Treasury Department. They uncovered no wrongdoing, but that did not deter them from continuing the attacks.

Hamilton never understood the source of Jefferson's enmity, and he was bewildered and pained by the estrangement from Madison. Nor did he become a "party man" just yet. He still held the belief that parties were inimical if not fatal to republics, and not until Adams was president, and the party system had grown so entrenched and rancorous that every public man had to take a stand one way or the other, did Hamilton refer to himself as a "Federalist."

Soon genuine and deeply felt substantive concerns arising from the French Revolution exacerbated the rift between the department heads and the nascent political parties. When the revolution began

in 1789 Hamilton was thrilled, for in common with most Americans he believed that Louis XVI was a friend of liberty who would give France a limited, constitutional monarchy. By the winter of 1792-1793 France had proclaimed itself a republic, executed the king, and announced its intention to "liberate" all Europe. These developments, in Hamilton's view, portended serious trouble for the United States. The country was bound to France by perpetual treaties of commerce and alliance signed when France agreed to help the United States in 1778. The United States was not obliged to join the war on France's side, for the alliance pertained only to defensive wars. Nonetheless, Hamilton believed that if America did not maintain the strictest neutrality it could be dragged into the conflict. The young nation could not afford a war, and particularly a war with Britain (a partner in the coalition against France), which would cut off most of the import revenues that supported Hamilton's financial system and the government itself. The problem became urgent in April 1793 upon the arrival of a minister from France, Citizen Edmond Genet. In response to his doings, Hamilton and Secretary of War Henry Knox urged Washington to issue a neutrality proclamation and suspend the 1778 treaties; Jefferson insisted that as only Congress could declare war, only it could declare neutrality. Washington split the difference, issuing the proclamation but taking no action concerning the treaties. The cabinet remained bitterly divided until Jefferson resigned at year's end.

By that time new perils had arisen--from the British side. British naval commanders began seizing American vessels under secret orders. Cries for war swept America, cries that were intensified by news that the British were inciting Indians to attack in the Northwest Territory and were arming slave insurrectionists in Hispaniola. Hamilton recommended preparation for war to strengthen the American position to negotiate a peace. A provisional army was authorized, and Chief Justice John Jay was sent to England to negotiate.

As the negotiations proceeded, Hamilton was involved in a domestic episode that was only tangentially related to the international imbroglio. Since the passage in 1791 of an excise on whiskey, the inhabitants of western Pennsylvania had resisted the collection of the tax. Genet had added to their spirit of resistance by promoting "democratic-republican" societies--pro-French political clubs--the most militant of which were near Pittsburgh. When further violence erupted in 1794, Hamilton believed that the rule of law and ordered liberty were gravely threatened. He also believed that only a prompt and massive display of counterforce by the government could restore law. Accordingly, he urged Washington to call out 12,950 militia troops from four states to crush the "Whiskey Rebellion." Hamilton accompanied the troops for the entire march. The display of force was effective; the rebellion evanesced, and the democratic-republican societies were discredited.

The domestic scene seeming well in hand and the prospects for continued neutrality appearing favorable, Hamilton felt that he could safely resign and attend to his long-neglected private financial affairs. As of 31 January 1795 he returned to his law practice. He became one of a handful of attorneys who were transforming the law by developing the law of contracts based on market determinations and pioneering (through cases, not statutes) a market-driven law of commercial paper, corporate privileges and obligations, and marine insurance. One suit in an unrelated area, *Hylton v. U.S.* (1796), involved the first ruling by the Supreme Court on the constitutionality of an act of Congress.

His retirement from public life, however, was not complete. The president and several department heads repeatedly asked him for advice. In many ways he seemed to be a prime minister in absentia. He wrote Washington's seventh annual message to Congress for him, and in 1796 he composed much of Washington's Farewell Address. And he was still forced to defend what he had done as secretary of the Treasury. He was publicly charged with having paid blackmail to a petty swindler named James Reynolds to cover department irregularities. Hamilton feared that if the charges were believed the integrity of his financial system and of public credit would be undermined.

Accordingly, he rebutted the charges in a lengthy pamphlet that detailed an amorous affair he had had with Maria Reynolds that underlay James's blackmail demands. Thus he chose to give great pain to his wife, whom he loved, in order to protect his public reputation.

Soon a new call to service arose. Relations with France had again deteriorated, and in response to public clamor for war President Adams asked Washington to come out of retirement and serve as commander in chief. Washington agreed, but on condition that he would go on active duty only in case of invasion and that Hamilton be appointed his second in command. Adams had no option but to accept the conditions, but he mistrusted and envied Hamilton and thenceforth moved from being an avid hawk to being an ardent dove. The two years (1798-1800) of the Quasi-War with France were a time of great frustration for Hamilton. His efforts to organize the army were stymied by incompetence in the War Department and foot-dragging by the president.

In 1800 Hamilton determined to try to defeat Adams's bid for reelection--not by supporting Jefferson but by urging Federalists to vote for Charles Cotesworth Pinckney of South Carolina. When Jefferson and Aaron Burr tied for the lead, each having a majority, the election went into the House of Representatives. Hamilton regarded Burr as an extremely dangerous man, a "Caesar in embryo," and so threw his support behind Jefferson. Jefferson's election, for practical purposes, ended Hamilton's public career. He established a newspaper, not to oppose but to act as a responsible critic of the Jefferson administration, but in the main he stuck to his law practice.

One of his last cases was of enduring importance. The printer of an upstate newspaper, Harry Crosswell, had been charged with libel for writing that Jefferson had paid a pamphleteer to defame Washington and Adams. The charge was true, but under the common law truth was not a defense, and Crosswell was convicted. On appeal, Crosswell engaged Hamilton as counsel. Hamilton delivered one of his most brilliant arguments, contending that truth, if not used "wantonly," must be reckoned by all reasonable men as a defense. Otherwise, "you must for ever remain ignorant of what your rulers do. . . . I never did think the truth was a crime . . . for my soul has ever abhorred the thought, that a free man dared not speak the truth." The court was divided, and the conviction stood. But members of the state legislature had come to hear Hamilton's argument and were so persuaded by it that the following year they enacted into law the principle of truth as a defense. By that time Hamilton was dead.

The New York gubernatorial election of 1804 had been a heated contest in which Hamilton had fiercely opposed Burr's candidacy. Burr lost and a few weeks later sent a representative to Hamilton to demand an explanation for remarks Hamilton had allegedly made. The matter could not be satisfactorily resolved, and Hamilton and Burr met on the dueling ground in Weehawken, New Jersey, where three years earlier Hamilton's eldest son, Philip, had been killed in a duel. By accident or design, Burr shot Hamilton in his right side, and the ball passed through his liver. He died in New York thirty-six hours later.

For a century and a half after his death, Hamilton's place in the pantheon of American demigods seemed secure. More than any other man save possibly Washington, he was regarded as the person who breathed life into the Constitution, and without exception he was viewed as the father of capitalism in America. Then, during the Great Depression of the 1930s, the latter appellation took on sinister tones, and Hamilton came to be seen as the founder not of a benign economic system but of a malevolent plutocracy. Despite his fall from grace among historians in general and in popular culture, however, his biographers continued to sing his praises. For, as the Virginian William Heth put it after a congressional investigation in 1794, "The more you *probe*, examine, & investigate Hamilton's conduct; rely upon it, the *greater* he will appear."

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Forrest McDonald

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